

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Preferred Home Loans, LLC  
License/Registration No.:

Enforcement Case No. 10-9002

FL-0015318 / SR-0015319,

Respondent.

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ORDER REQUIRING COMPLIANCE WITH STIPULATION TO ENTRY OF CONSENT  
ORDER AND PAYMENT OF FINES

Issued and Entered,  
This 6th day of February, 2012,  
By Stephen R. Hilker,  
Chief Deputy Commissioner

Based upon the Stipulation to Entry of Consent Order, incorporated herein, and the files and records of the Office of Financial and Insurance Regulation ("OFIR") in this matter, the Chief Deputy Commissioner FINDS and CONCLUDES that:


1. The Chief Deputy Commissioner has jurisdiction and authority to adopt and issue this Order Requiring Compliance with Stipulation to Entry of Order and Payment of Fines in this proceeding, pursuant to the Michigan Administrative Procedures Act of 1969 ("MAPA"), as amended, MCL 24.201 *et seq.*, and the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), 1987 PA 173, as amended, MCL 445.1651 *et seq.*
2. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
3. Acceptance of the parties' Stipulation to Entry of Consent Order is reasonable and in the public interest.
4. All applicable provisions of MAPA have been met.
5. Notwithstanding that Preferred Home Loans, LLC ("Respondent") does not admit the

violations alleged in this matter, for purposes of this order, Respondent violated MCL 445.1672(a).

**NOW, THEREFORE**, based upon the parties' Stipulation to Entry of Consent Order and the facts surrounding this case, **IT IS ORDERED THAT:**

1. The Stipulation to Entry of Consent Order submitted by the parties to the Chief Deputy Commissioner is hereby ACCEPTED.
2. Respondent agrees that it will pay to the State of Michigan, through OFIR, a civil fine in the amount \$5,000.00. This fine will be paid on or before 30 days from the date of entry of this order.
3. Respondent shall **CEASE** and **DESIST** from violating MCL 445.1672(a).
4. Respondent shall cease and desist from engaging in any activity requiring a license or registration the MBLSLA.
5. The Commissioner specifically retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as he shall deem just, necessary and appropriate in accordance with the provisions of the MBLSLA. Failure to abide by the terms and conditions of the Stipulation to Entry of Consent Order and this Order may result in the commencement of additional proceedings.

**IT IS SO ORDERED.**

  
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Stephen R. Hilker,  
Chief Deputy Commissioner

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STIPULATION TO ENTRY OF CONSENT ORDER AND PAYMENT OF FINES

Preferred Home Loans, LLC ("Respondent") and the Office of Financial and Insurance Regulation ("OFIR") hereby stipulate and agree to the following:

1. OFIR staff ("Staff") conducted an examination of Respondent's books and records commencing on December 2, 2008, pursuant to Section 11(2)(c) of the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), MCL 445.1661(2)(c), and Section 6b(2)(b) of the Secondary Mortgage Loan Act ("SMLA"), MCL 493.56b(2)(2). The examination concluded on January 28, 2009.
2. On or about March 8, 2010, and May 11, 2010, a Notice of Opportunity to Show Compliance ("NOSC") was issued by OFIR to Respondent in the above-entitled matter pursuant to the provisions of the Michigan Administrative Procedures Act ("MAPA"), MCL 24.201 *et seq.*, the MBLSLA, 1987 PA 173, as amended, MCL 445.1651 *et seq.*, and the SMLA, 1981 PA 125, as amended, MCL 493.51 *et seq.*
3. The NOSC contained allegations that Respondent violated the MBLSLA and SMLA and set forth the applicable laws and penalties which could be taken against Respondent.
4. Respondent exercised its opportunity to show compliance on or about September 29, 2010, by attending a meeting with the staff at OFIR.
5. Thereafter, OFIR and Respondent conferred for purposes of resolving this matter and determined to settle this matter pursuant to the terms set forth below.

6. The Chief Deputy Commissioner of OFIR ("Commissioner") has jurisdiction and authority to adopt and issue this Order Requiring Compliance with Stipulation to Entry of Order and Payment of Fines pursuant to the MAPA and the MBLSLA.

7. At all pertinent times, Respondent was licensed with OFIR as a mortgage broker and lender pursuant to the MBLSLA, and registered with OFIR as a secondary mortgage broker and lender pursuant to the SMLA.

8. Based upon the allegations set forth in the NOSC and communications with Respondent, the following facts were alleged:

- a. Respondent performed loan origination services and received compensation in connection with the Federal Housing Authority (FHA) insured home loans it originated for an affiliate, Providence Mortgage Company. Providence Mortgage Company is an FHA approved mortgagee, however, Respondent does not have the authority to originate FHA-insured home loans. Consequently, Respondent violated MCL 445.1672(a) by originating FHA-insured home loans without the requisite approval from the U.S. Department of Housing and Urban Development to engage in such activities.

9. Without admitting the allegations contained in paragraph 8, in the interest of resolving this matter without incurring additional litigation time and expense, and without admitting or denying any wrongdoing, Respondent has agreed to enter into this Stipulation and to the entry of the Consent Order. Further, Respondent agrees to CEASE and DESIST from any and all of the violations alleged in paragraph 8.

10. Respondent agrees that it will pay to the State of Michigan, through OFIR, a civil fine in the amount \$5,000.00. This fine will be paid on or before 30 days from the date of entry of this order.

11. The procedural requirements of the MAPA and MBLSLA have been complied with in all respects by both parties.

12. Respondent understands and agrees that this Stipulation will be presented to the Chief Deputy Commissioner for approval. The Chief Deputy Commissioner may in his sole discretion, decide to accept or reject the Stipulation and Consent Order. If the Chief Deputy Commissioner accepts the Stipulation and Consent Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Consent Order. If the Chief Deputy Commissioner does not accept the Stipulation and Consent Order, Respondent waives any objection to the

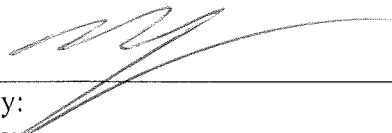
Commissioner holding a formal administrative hearing and making his decision after such hearing.

13. The failure to abide by and fully comply with the terms and conditions of this Stipulation and Consent Order may, at the discretion of the Chief Deputy Commissioner, result in further administrative compliance actions.

14. The Chief Deputy Commissioner has jurisdiction and authority under the provisions of the MAPA and the MBLSLA to accept this Stipulation to the Entry of Consent Order and to issue an Order Requiring Compliance with the Stipulation to Entry of Order and Payment of Fines resolving these proceedings.

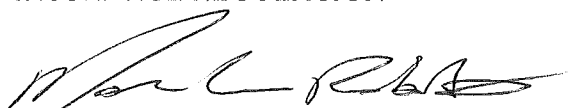
15. Respondent has had an opportunity to review this Stipulation and the accompanying Order Requiring Compliance with Stipulation to Entry of Order and Payment of Fines and have same reviewed by legal counsel.

PREFERRED HOME LOANS, LLC

  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

2-1-12  
Dated

OFFICE OF FINANCIAL AND  
INSURANCE REGULATION

  
By: MARLON ROBERT  
Staff Attorney

2/02/2012  
Dated